Janco Holdings Limited
駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035

2018
Interim Report



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*This report, for which the directors (the "**Directors**" or individually a "**Director**") of Janco Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**", "**we**", "**our**" or "**us**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Cheng Hon Yat *(Chairman and Chief executive officer)*
Mr. Chan Kwok Wai
Mr. Lo Wai Wah
Mr. Yau Sze Yeung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Wing Hay
Mr. Wong Yee Lut, Eliot
Mr. Luk Kin Ting
Mr. Lau Chi Kit

COMPANY SECRETARY

Mr. Yau Sze Yeung, *CPA*

COMPLIANCE OFFICER

Mr. Cheng Hon Yat

AUTHORISED REPRESENTATIVES

Mr. Cheng Hon Yat
Mr. Yau Sze Yeung

BOARD COMMITTEES

Audit Committee

Mr. Siu Wing Hay *(Chairman)*
Mr. Wong Yee Lut, Eliot
Mr. Luk Kin Ting
Mr. Lau Chi Kit

REMUNERATION COMMITTEE

Mr. Luk Kin Ting *(Chairman)*
Mr. Siu Wing Hay
Mr. Wong Yee Lut, Eliot
Mr. Lau Chi Kit

NOMINATION COMMITTEE

Mr. Wong Yee Lut, Eliot *(Chairman)*
Mr. Siu Wing Hay
Mr. Luk Kin Ting
Mr. Lau Chi Kit

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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As to Cayman Islands Law
Conyers Dill & Pearman
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COMPLIANCE ADVISER

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AUDITOR

Deloitte Touche Tohmatsu,
Certified Public Accountants
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COMPANY'S WEBSITE

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PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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Hong Kong

PRINCIPAL BANKERS

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99 Queen's Road Central
Hong Kong

The Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

STOCK CODE

8035

INTERIM RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce that the unaudited financial results of the Group for the six months ended 30 June 2018, together with the corresponding comparative figures, are as follows. The financial results have been approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2018

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Notes	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*3*	**95,351**	64,374	**177,676**	110,096
Cost of sales		**(87,531)**	(53,607)	**(156,532)**	(90,247)
Gross profit		**7,820**	10,767	**21,144**	19,849
Other income		**(336)**	3	**0**	6
Other gains and losses		**51**	153	**116**	70
Administrative expenses		**(6,454)**	(10,166)	**(18,879)**	(18,124)
Finance costs		**(324)**	(223)	**(615)**	(233)
Profit before taxation		**757**	534	**1,766**	1,568
Income tax expense	*4*	**(190)**	(71)	**(606)**	(670)
Profit and total comprehensive income for the period	*5*	**567**	463	**1,160**	898
Earnings per share — basic (HK cents)	*7*	**0.09**	0.08	**0.19**	0.15

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**8,616**	8,041
Computer software		**283**	330
Interest in an associate	*8*	**–**	–
Rental deposits	*9*	**2,118**	4,663
		11,017	13,034
Current assets			
Inventories		**1,278**	10,595
Trade receivables	*9*	**111,106**	93,100
Other receivables, deposits and prepayments	*9*	**18,735**	13,903
Pledged bank deposit	*10*	**27,000**	27,000
Bank balances and cash		**14,544**	6,979
		172,663	151,577
Current liabilities			
Trade payables	*11*	**21,033**	25,338
Other payables and accruals	*11*	**5,812**	2,963
Bank borrowing — due within one year	*12*	**55,973**	39,518
Tax payable		**4,448**	5,347
Obligations under finance leases — due within one year		**757**	728
		88,023	73,894
Net current assets		**84,640**	77,683
Total assets less current liabilities		**95,657**	90,717

	Note	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Non-current liabilities			
Obligations under finance leases — due after one year		**929**	1,252
Deferred tax liabilities		**1,362**	811
		2,291	2,063
		93,366	88,654
Capital and reserves			
Share capital	*13*	**6,000**	6,000
Reserves		**87,366**	82,654
Total equity		**93,366**	88,654

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK$'000 (Note 13)	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
At 1 January 2017 (audited)	6,000	47,755	17,659	4,658	10,900	86,972
Profit and total comprehensive income for the period	–	–	–	–	898	898
At 30 June 2017 (unaudited)	6,000	47,755	17,659	4,658	11,798	87,870
At 1 January 2018 (audited)	**6,000**	**47,755**	**17,659**	**4,658**	**12,582**	**88,654**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,160**	**1,160**
At 30 June 2018 (unaudited)	**6,000**	**47,755**	**17,659**	**4,658**	**13,742**	**89,814**

Note: The other reserve represented an amount due to Mr. Cheng Hon Yat ("**Mr. Cheng**"), being the controlling shareholder of the Group and a director of the Company, amounting to HK$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended	
	30 June 2018	30 June 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(6,159)**	(19,232)
INVESTING ACTIVITIES		
Placement of pledged bank deposit	**–**	(22,000)
Purchase of property, plant and equipment and computer software	**(1,755)**	(405)
Proceeds from disposal of property, plant and equipment	**–**	228
NET CASH USED IN INVESTING ACTIVITIES	**(1,755)**	(22,177)
FINANCING ACTIVITIES		
New bank borrowing raised	**16,455**	16,000
Repayment of obligations under finance leases	**(400)**	(220)
Interest paid	**(576)**	(28)
NET CASH FROM FINANCING ACTIVITIES	**15,479**	15,752
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,565**	(25,657)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**6,979**	27,685
CASH AND CASH EQUIVALENTS AT 30 JUNE	**14,544**	2,028
Represented by:		
Bank balances and cash	**14,544**	2,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of placing (the "**Placing**") on 7 October 2016. The Company's registered office and the principal place of business are at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively. Its immediate and ultimate holding company is Million Venture Holdings Limited ("**Million Venture**"), a company incorporated in the British Virgin Islands and wholly owned by Mr. Cheng.

The Company is an investment holding company. The principal activities of the Group are set out in Note 3.

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Included in Annual Improvements 2014–2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), being the executive directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(i) Air Freight — provision of air freight forwarding services

(ii) Ocean Freight — provision of ocean freight forwarding services

(iii) Logistics — provision of warehousing and other ancillary logistics services

(iv) E-Commerce — trading of electronic products through online platform

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 June 2018 (unaudited)

	Air Freight *HK$'000*	Ocean Freight *HK$'000*	Logistics *HK$'000*	E-Commerce *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue						
External sales	68,226	54,435	31,717	23,298	–	177,676
Inter-segment sales	2,923	1,665	4,326	–	(8,914)	–
	71,149	56,100	36,043	23,298	(8,914)	177,676
Segment results	8,162	9,746	2,435	801	–	21,144
Other gains and losses						116
Administrative expenses						(18,879)
Finance costs						(615)
Profit before taxation						1,766

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2017 (unaudited)

	Air Freight *HK$'000*	Ocean Freight *HK$'000*	Logistics *HK$'000*	E-Commerce *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue						
External sales	38,431	47,013	21,854	2,798	–	110,096
Inter-segment sales	408	1,038	3,667	–	(5,113)	–
	38,839	48,051	25,521	2,798	(5,113)	110,096
Segment results	5,308	10,576	2,232	340	–	18,456
Other income						6
Other gains and losses						70
Administrative expenses						(16,731)
Finance costs						(233)
Profit before taxation						1,568

Segment results mainly represented profit earned (loss incurred) by each segment without allocation of other income, other gains and losses, certain administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended	
	30 June 2018 ***HK$'000*** **(unaudited)**	30 June 2017 *HK$'000* (unaudited)
Hong Kong Profits Tax:		
Current tax	**606**	670

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

5. PROFIT FOR THE PERIOD

	Six months ended	
	30 June 2018	30 June 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Directors' remuneration	**1,762**	2,723
Other staff costs:		
Salaries and other allowances	**21,215**	17,664
Retirement benefits scheme contributions	**676**	669
Total staff costs	**23,653**	21,056
Depreciation and amortisation	**1,420**	1,210
Gain on disposal of property, plant and equipment	**–**	(228)

6. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

7. EARNINGS PER SHARE

The calculations of the basic earnings per share for the six months ended 30 June 2018 and 2017 are based on the profit for the period attributable to owners of the Company of HK$1,160,000and HK$898,000, respectively.

The weighted average number of ordinary shares in issue for the six months ended 30 June 2018 and 2017 are 600,000,000. No diluted earnings per share is presented for both the six months ended 30 June 2018 and 2017 as there were no potential ordinary shares outstanding.

8. INTEREST IN AN ASSOCIATE

During the current interim period, the Group disposed 20 ordinary shares in a company in Hong Kong, which represents 20% of equity interest in that company, at a total consideration of HK$20. The associate remains inactive during the current interim period.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Trade receivables	111,106	93,100
Rental deposits	6,662	6,662
Other prepayments and deposits	14,191	11,904
Total trade and other receivables	131,959	111,666
Analysed as:		
Current assets		
Trade receivables	111,106	93,100
Other receivables, deposits and prepayments	18,735	13,903
	129,841	107,003
Non-current assets		
Rental deposits	2,118	4,663
	131,959	111,666

The Group allows a credit period ranging from 15 to 90 days (2017: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2017: 30 days) to its E-Commerce customers for its trade receivables.

The following is an aged analysis of trade receivables presented based on invoice dates, which approximate the revenue recognition dates, at the end of each reporting period:

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
0–30 days	38,700	32,403
31–60 days	34,459	29,413
61–90 days	18,092	11,993
Over 90 days	19,855	19,291
	111,106	93,100

10. PLEDGED BANK DEPOSIT

As at 30 June 2018, the pledged bank deposit represented a deposit pledged to a bank to secure certain short-term banking facilities granted to the Group and was therefore classified as a current asset. The pledged bank deposit would be released upon the settlement of the relevant bank borrowings. The pledged bank deposit carries fixed interest at 1.1% per annum.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Trade payables	**21,033**	25,338
Other payables	**188**	145
Accruals and receipts in advance from customers	**5,624**	2,818
Total trade and other payables and accruals	**26,845**	28,301

The credit period on trade payables is 15 to 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of each reporting period:

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
0–30 days	**9,822**	8,324
31–60 days	**5,806**	9,721
61–90 days	**2,534**	946
Over 90 days	**2,871**	6,347
	21,033	25,338

As at 30 June 2018 and 31 December 2017, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

12. BANK BORROWING

During the current interim period, the Group has drawn down new bank borrowing amounting to HK$55,973,000 (six months ended 30 June 2017: HK$16,000,000) which carries variable market interest rate ranging 3.68% to 3.90% per annum.

13. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2017 and 30 June 2018	1,500,000,000	15,000,000
Issued and fully paid:		
At 31 December 2017 and 30 June 2018	600,000,000	6,000,000
Balance presented in HK$'000		6,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia. Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or general sales agents (the "**GSA**") and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. A majority of our customers are direct shipper customers. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand.

On top of our core freight forwarding services, we strategically offer ancillary logistics services primarily at our warehouses located in Yau Tong and Tsing Yi in response to the rising demand from our customers who require customised value-added logistics services. The ancillary logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. We integrate our ancillary logistics services into our core freight forwarding services to strategically create a distinct corporate identity among our shipper customers.

During the period, we are expanding our e-commerce business to capture the growing opportunities arising from the increasing demand derived from the increasing e-commerce volume to United Kingdom, other European countries and cross-border logistics activities. In addition, we are also expanding our e-commerce and fulfillment service for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

Our competitive strengths are key factors contributing to our success to date. The Directors believe that the competitive strengths as set out under the section headed "Business" in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**") will continue to enhance our presence and increase our market share in the freight forwarding and logistics industries.

FUTURE PLANS

In the future, we will seek opportunity to expand our GSA business and logistics business in Asia by negotiating with different airlines and locating different warehouses, respectively.

Expecting significant growth in e-commerce revenue in the future, we are constantly improving our selection of solutions to our customers. Our intention is to become a major logistics service provider across the region. We are also enhancing our capability and strengthening our last mile delivery transit time as well as simplifying our E-commerce process to increase our efficiency. We will also continue to capture the growing opportunities arising from cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 61.4% from approximately HK$110.1 million for the six months ended 30 June 2017 to approximately HK$177.7 million for the six months ended 30 June 2018. The increase in revenue was due to the revenue generated from e-commerce services of approximately HK$23.3 million for the six months ended 30 June 2018 (2017: HK$2.8 million) and increase in revenue generated from air freight forwarding services by approximately HK$32.3 million.

The increase in revenue from air freight forwarding services was mainly contributed by the increase in shipment volume under the orders placed by our existing and new customers during the six months ended 30 June 2018.

The increase in revenue from ocean freight forwarding services was mainly contributed by the increase in shipment volume under the orders placed by our existing and new customers during the six months ended 30 June 2018.

Revenue from our ancillary logistics services increased for the six months ended 30 June 2018 mainly due to the increase in sales of our ancillary logistics services to our customers including a U.S. based major customer and some pharmaceutical customers.

Cost of sales and gross profit

Cost of sales increased by approximately 73.5% from approximately HK$90.2 million for the six months ended 30 June 2017 to approximately HK$156.5 million for the six months ended 30 June 2018. The increase in cost of sales was mainly attributable to the incurrence of cost of sales for the newly established e-commerce business of approximately HK$22.5 million for the six months ended 30 June 2018 (2017: HK$2.5 million) and increase in air freight costs.

Gross profit increased by approximately 6.6% from approximately HK$19.8 million for the six months ended 30 June 2017 to approximately HK$21.1 million for the six months ended 30 June 2018. Gross profit margin decreased from 18.0% for the six months ended 30 June 2017 to 11.9% for the six months ended 30 June 2018. There was an increase in percentage revenue generated from e-commerce business for the six months ended 30 June 2018. As the gross profit margin for e-commerce business was lower than freight forwarding and logistics business, it contributed to the decrease in gross profit margin of the Group for the six months ended 30 June 2018.

Administrative expenses

Administrative expenses increased by approximately 4.4% from approximately HK$18.1 million for the six months ended 30 June 2017 to approximately HK$18.9 million for the six months ended 30 June 2018. The increase in administrative expenses was mainly due to the increase in our staff costs as a result of the increase in salary paid to our staff and the increase in the number of senior staff for the six months ended 30 June 2018.

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the six months ended 30 June 2017 and 2018, respectively.

Profit and total comprehensive income attributable to owners

For the six months ended 30 June 2018, the Group recorded a profit attributable to owners of the Company of approximately HK$1.2 million as compared to that of approximately HK$0.9 million for the corresponding period in 2017. The increase in profit attributable to owners of the Company was mainly due to increase in revenue and net profit from freight forwarding business partially offset by net loss from e-commerce business.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors determined not to pay an interim dividend for the six months ended 30 June 2018 (2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES, GEARING RATIO

The current ratio of the Group as at 30 June 2018 was 2.0 times as compared to that of 2.1 times as at 31 December 2017. The decrease was mainly due to an increase in bank borrowing from approximately HK$39.5 million as at 31 December 2017 to approximately HK$56.0 million as at 30 June 2018. The gearing ratio, calculated based on the total debt, including bank borrowing, bank overdraft and obligations under finance leases, divided by total equity at the end of the period and multiplied by 100%, stood at approximately 61.8% as at 30 June 2018 (31 December 2017: approximately 46.8%). The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The operating lease commitments of the Group were primarily related to the leases of its office premises and warehouses. The Group's operating lease commitments amounted to approximately HK$20.5 million as at 30 June 2018 (31 December 2017: approximately HK$22.9 million).

As at 30 June 2018, the Group did not have any material capital commitments (31 December 2017: Nil).

CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were listed on GEM (the "**Listing**") on 7 October 2016 (the "**Listing Date**"). There has been no change in the Company's capital structure since the Listing. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 3 to the condensed consolidated financial statements.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2018, the Group has pledged its bank deposits to a bank for an amount of approximately HK$27.0 million (31 December 2017: 27.0 million) to secure the general banking facilities granted to the Group with an outstanding amount of indebtedness of approximately HK$56.0 million as at 30 June 2018 (31 December 2017: 39.5 million). The Group had no material contingent liabilities as at 30 June 2018 and as at 31 December 2017, respectively.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group's revenue generating operations are mainly transacted in HK$ and USD, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed 126 (30 June 2017: 122) full time employees. The staff costs, including the Directors' emoluments, of the Group were approximately HK$23.7 million for the six months ended 30 June 2018 (30 June 2017: approximately HK$21.1 million). We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date up to 30 June 2018 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used approximately HK$13.8 million to further develop the Group's freight forwarding business by gaining new customers and new services for existing customers such as logistics service or freight forwarding services with new destinations.
Further developing the Group's logistics business	The Group has used approximately HK$13.6 million for recruiting 42 relevant staff, purchasing computer equipments, warehouse renovation and further developing the Group's logistics business including E-commerce business by gaining new customers.
Further enhancing the Group's sales and marketing effort	The Group has used approximately HK$3.3 million for recruiting 20 senior level staff to cope with the business development.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for investment in its subsidiaries by the Company, the Group did not have any significant investments held as at 30 June 2018. Save as disclosed in the Prospectus or otherwise in this report, the Group did not have any plans for material investments or capital assets as at 30 June 2018.

USE OF PROCEEDS

The actual net proceeds from the Listing, after deducting the listing-related expenses, were approximately HK$37.4 million. The amount was lower than the estimated net proceeds of approximately HK$39.0 million as disclosed in the Prospectus. In the light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus.

After the Listing, a part of these net proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. The unused amount of the net proceeds from the Listing as at 30 June 2018 was approximately HK$5.1 million. In achieving the above business objectives, the Group has utilised the net proceeds from the Listing and its internal resources, and the Group might use both internal resources and net proceeds to finance its future plan in accordance with its use of proceeds schedule.

An analysis of the planned amount utilised up to 30 June 2018 is set out below:

	Adjusted use of actual net proceeds in the same manner and proportion as stated in the Prospectus up to 30 June 2018 *HK$ million*	Actual utilised amount as at 30 June 2018 *HK$ million*	Unutilised amount out of the planned amount as at 30 June 2018 *HK$ million*
Further developing the Group's freight forwarding business	13.8	13.8	–
Further developing the Group's logistics business	13.6	13.6	–
Further enhancing the Group's sales and marketing effort	3.3	3.3	–
General working capital or other corporate purposes	1.6	1.6	–
	32.3	32.3	–

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 8 to the condensed consolidated financial statements, during the six months ended 30 June 2018, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

PURCHASE, SALE OR REDEMPTION

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2018.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he were a Director.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Company
Long position in the Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Mr. Cheng	Interest in a controlled corporation *(Note)*	450,000,000	75%

Note: The 450,000,000 Shares are held by Million Venture, which is wholly-owned by Mr. Cheng. By virtue of the SFO, Mr. Cheng is deemed to be interested in all the Shares held by Million Venture.

Interests in associated corporation(s) of the Company
Long position in the shares of the associated corporation(s)

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Cheng	Million Venture	Beneficial owner	1	100%

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2018, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or the debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Million Venture	Beneficial owner	450,000,000	75%
Ms. Tai Choi Wan, Noel	Interest of spouse *(Note)*	450,000,000	75%

Note: Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng and is deemed, or taken to be, interested in all the Shares in which Mr. Cheng is interested under the SFO.

Save as disclosed above, as at 30 June 2018, the Company has not been notified of any other persons (other than the Directors or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 23 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the 2017 annual report of the Company. Since the Listing Date and up to the date of this report, no option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the six months ended 30 June 2018 and up to the date of this report was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2018 or at any time during the six months ended 30 June 2018.

COMPETING INTEREST

For the six months ended 30 June 2018, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited (the "**Compliance Adviser**") to be the compliance adviser. As notified by the Compliance Adviser, as at the date of this report, save for the compliance adviser agreement dated 22 April 2016 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules, other than the code provision A.2.1. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Cheng is the chairman and the chief executive officer of the Company. In view of Mr. Cheng being one of the co-founders of the Group and has been managing the Group's business and supervising over all strategic planning since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Cheng taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with four of them being independent non-executive Directors.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2018 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 September 2016, with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and provisions C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to, among other things, review the Company's financial information, review and supervise the financial reporting system, risk management and internal control system of the Group, nominate and monitor the external auditor and to review the continuing connected transactions of the Company. The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit. Mr. Siu Wing Hay is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By Order of the Board
Janco Holdings Limited
Cheng Hon Yat
Chairman

Hong Kong, 10 August 2018

As at the date of this report, the executive Directors are Mr. Cheng Hon Yat, Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung; and the independent non-executive Directors are Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit.

This report will remain on GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.jancofreight.com.